REPORT OF THE INDEMNITIES AND ALLOWANCES COMMISSION

DECEMBER, 2001

November 27, 2001

Hon. Mildred Dover, M.L.A.
Speaker of the Legislative Assembly
P.O. Box 2000
Charlottetown, PE C1A 7N8

Dear Madam Speaker:

An Act to Amend the Legislative Assembly Act (1994) established an Indemnities and Allowances Commission which is required to report annually to the Speaker on or before the first day of December.

According to the Legislation, the Commission is to `review and determine' the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Deputy Speaker, the Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip, Opposition Whip and the Leader of the Third Party.

The Commission has completed its review of the remuneration and benefits as defined in Section 46 of the Legislative Assembly Act.

I am pleased to transmit to you with this letter the 2001 Report which includes the Commission's decisions and the rationale for these decisions.

Respectfully Submitted,

Colin Younker, Chairman

Keith Boswell, Commissioner

Michael Schurman, Commissioner

INTRODUCTION

A 1994 amendment to the Legislative Assembly Act established the Indemnities and Allowances Commission. This Commission, according to the legislation, is to "determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Deputy Speaker, the Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip, Opposition Whip, and the Leader of the Third Party.

Remuneration and benefits are defined by the legislation as "salaries, indemnities, allowances, and pensions."

The Legislation requires "the Commission, annually and at such other times as the Speaker may request, (to) carry out a review of remuneration and allowances ... and on or before the first day of December of each year (to) deliver a report to the Speaker which shall be final and binding."

The Commission presented its seventh report to the Speaker in the fall of 2000. That report contained a 2½% increase in Members' indemnities and allowances.

In preparation for the 2001 report to the Speaker, the Commission placed advertisements in local newspapers in September inviting the general public to present its views on the renumerations of the members.

DEFINITIONS

In the sections that follow, "indemnities" refers to payments made to all Members of the Legislative Assembly to carry out their basic responsibilities as M.L.A. s. These payments are taxable.

"Salaries" refers to payments that are made to Members of Executive Council, the Speaker, Deputy Speaker, Leader of the Opposition, Leader of the Third Party, and those other Members who hold special positions in the Legislative Assembly, or on Executive Council Committees. These payments are in addition to payments received by Members in the form of indemnities and are also taxable.

"Allowance" refers to additional monies paid to Members, such as M.L.A. expense allowances and the mileage allowances. These payments are non-taxable.

MEMBERS INDEMNITIES AND ALLOWANCES

Table 1 indicates the current indemnities and tax free allowances for M.L.A.s in each of the provinces.

TABLE 1

MEMBERS' ANNUAL INDEMNITIES AND EXPENSE ALLOWANCE

Jurisdiction	Indemnity - Taxable	Expense Allowance non-taxable
Newfoundland	$42,796	$21,398
Nova Scotia	31,965	15,982
New Brunswick	38,649	18,460
Quebec	71,714	12,789
Ontario	78,007	-
Manitoba	63,550	-
Saskatchewan	59,951	4,905
Alberta	41,052	20,526
British Columbia	72,100	-
Prince Edward Island	33,985	10,300

Since the preparation of our last report in the fall of 2000 renumeration in the other jurisdictions has changed as follows:

Newfoundland - 8% increase indemnity, 8% increase allowance
Nova Scotia - 2% increase
New Brunswick - 1% increase in indemnity and 21%increase in allowance
Quebec - 13% increase in indemnity and 3% increase in allowance
Ontario - No change
Manitoba - 3% increase
Saskatchewan - 5% increase
Alberta - 3% increase
British Columbia - 1.5% increase

TABLE 2

SALARIES FOR MEMBERS OF THE EXECUTIVE COUNCIL AND THE LEADER OF THE OPPOSITION

Jurisdiction	Premier (Taxable)	Cabinet Minister (Taxable)
Newfoundland	$61,833	$44,830
Nova Scotia	53,572	38,167
New Brunswick	51,764	34,510
Quebec	75,300	53,786
Ontario	61,860	32,997
Manitoba	44,992	28,122
Saskatchewan	54,151	37,907
Alberta	64,092	50,376
British Columbia	45,000	39,000
Prince Edward Island	55,625	39,295

Since the preparation of our last report in the fall of 2000 renumeration in the other jurisdictions has changed as follows:

Newfoundland - 10% increase for the Premier's salary, under 1% for cabinet ministers
Nova Scotia - 2% increase
New Brunswick - 1% increase
Quebec - 13% increase
Ontario - No change
Manitoba - 3% increase
Saskatchewan - 5% increase
Alberta - 3% increase
British Columbia - No change

The Leader of the Opposition's salary is the same as a Cabinet Minister's in all Provinces except Ontario where it is 30% higher. The changes for the Premier, Cabinet Minister and Leader of the Opposition positions changed at the same rate as members' indemnities per Table 1 in all other jurisdictions except for Newfoundland and British Columbia. Newfoundland increased the Premier's salary at a greater percentage and Cabinet Minister salary at a lower percentage. British Columbia made no adjustment.

TABLE 3

SALARIES AND ALLOWANCES FOR SPEAKER AND DEPUTY SPEAKERS

Jurisdiction	Speaker Salary		Deputy Speaker Salary	
Newfoundland	$44,830		$22,415	
Nova Scotia	38,167		19,089	
New Brunswick	25,884	+ $1,000 allowance	8,024	+$250 allowance
Quebec	53,786		25,100	
Ontario	24,338		11,545	
Manitoba	23,622		7,875	
Saskatchewan	32,490		10,829	
Alberta	50,376		25,188	
British Columbia	39,000		19,500	
Prince Edward Island	29,470		14,735	

The salaries are taxable while the allowance is non-taxable.

The change in the salaries in the other jurisdictions was based on the same percentages as the changes to the members' indemnities as outlined in Table 1 except for British Columbia where there was no change.

SUMMARY

Compensation Comparison

	Member	Opposition Leader and Cabinet Minister	Premier's
Newfoundland	$ 64,194	$109,024	$ 126,027
Nova Scotia	47,947	86,114	101,519
New Brunswick	57,109	91,619	108,873
Quebec	84,503	138,289	159,803
Ontario	78,007	111,004	139,867
Manitoba	63,550	91,672	108,542
Saskatchewan	64,856	92,058	119,007
Alberta	61,578	111,954	125,670
British Columbia	72,100	111,100	117,100
Prince Edward Island	45,725	86,295	103,160
Average	**$ 63,957**	**$ 102,913**	**$ 120,956**
Per Cent of Average - PEI Members	**71%**	**83%**	**85%**

Note: The P.E.I. compensation used is the recommended amount effective April 1, 2002.

The commission has compared public sector compensation for deputy ministers, clerks of the legislative assembles, nurses and teachers in P.E.I. with their counterparts in other jurisdictions. The percentage of average based on using the same jurisdictions as the above MLA comparison is as follows:

Deputy Ministers	- between 68% and 71%
Teachers	- between 82% and 85%
Nurses	- between 90% and 93%
Clerks	- 63%

Pension Plan

The Commission is tabling with this report the combined plan text for new pension plan introduced in 1994 and the supplemental plan introduced in 1996.

This plan is indexed at a rate of CPI to 8% during the period when the member is on an active or deferred basis. When receiving benefits the indexation is CPI - 2%.

The previous pension plan which was closed in 1994 is indexed at a rate of CPI - 2% both during the active/deferred basis and benefit period. To ease the administrative burden and to make the accruing benefit rate comparable for both plans the Commission is recommending that the previous pension plan be amended retroactively to July 1, 1994 to match the current plan, that is CPI to 8% while deferred and CPI - 2% while receiving benefits.

Third Party Leader

The Commission's decisions apply only to elected members of the Legislative Assembly, therefore any reference to Third Party Leader would only apply upon election.

Speaker, Deputy Speaker, and Government House Leader

The Commission, as in previous years, has fixed the salary for the Speaker at a level which is 75% of a Cabinet Minister's salary. The Deputy Speaker's salary remains at a level of 50% of the Speaker's salary. The salary for the Government House Leader has been increased to reflect that the position does not allow for remuneration for Executive Council Committee appointment although the House Leader is currently appointed to Executive Council Committee.

Current Year Increase

The Commission is recommending a 3.25% increase for indemnities and allowances. This increase is in line with the recent settlements reached with certain public service employee groups.

SUMMARY OF COMMISSION DECISIONS

1. That the annual indemnity (taxable) for Members of the Legislative Assembly shall be $35,090.

2. That the annual non-taxable allowance for members of the Legislative Assembly shall be $10,635.

3. That the Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance. shall receive an annual salary (taxable) of $30,425.

4. That the Deputy Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $15,210.

5. That the Premier of the Province, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $57,435.

6. That a Cabinet Minister, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $40,570.

7. That the Leader of the Opposition, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $40,570.

8. That the Government House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $10,970; provided that the Member holding this position is not receiving a salary for any position identified in amended Section 45(4) of the Legislative Assembly Act (1994).

9. That the Opposition House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $3,840; provided that the Member holding this position is not receiving a salary for any other position identified in amended Section 45(4) of the Legislative Assembly Act (1994).

10. That the Government Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $3,230; provided that the Member holding this position is not receiving a salary as a Cabinet Minister or as a member of an Executive Council Committee or for any other position identified in amended Section 45(4) of the Legislative Assembly Act (1994).

11. That the Opposition Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $3,230; provided that the Member holding this position is not receiving a salary for any other position identified in amended Section 45 (4) of the Legislative Assembly Act (1994).

12. That a non-Ministerial Member appointed to an Executive Council Committee, in addition to the Member's indemnity and allowance shall receive an annual salary (taxable) of $5,485; provided that the member serving on such Committee is not receiving a salary for any position identified in amended Section 45(4) of the Legislative Assembly Act (1994).

13. That the Leader of the Third Party, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $15,335.

14. That the Premier and Cabinet Ministers shall be provided with a Government-owned or leased vehicle, or in lieu thereof, an allowance for the use of their own vehicle.

15. That the Leader of the Opposition shall be provided with a Government-owned or leased vehicle, or in lieu thereof, an allowance for the use of his or her own vehicle.

16. That the Speaker of the Legislative Assembly shall be provided with a Government-owned or leased vehicle, or in lieu thereof, an allowance for the use of his or her own vehicle.

17. That Members of the Legislative Assembly shall receive a mileage allowance for use of their own vehicles while attending sessions of the Legislative Assembly or Committee meetings of the Assembly on days the House is not sitting or during the intercession.

18. That the Premier, Cabinet Ministers, Speaker of the House and the Leader of the Opposition are not eligible for the mileage allowance referred to in No. 17 above.

19. That Members receiving the mileage allowance referred to in No. 17 above shall receive such allowance at the prevailing civil service mileage rates and only for those days they attend the sitting of the House or a Committee thereof.

20. That Members shall receive payment, on a claim basis, for up to five (5) trips per month to Charlottetown when the House is not in session.

21. That the Leader of the Third Party shall receive payment, on a claim basis, for up to eight (8) trips per month to Charlottetown when the House is not in session.

22. That the effective date for implementing the Decisions of this Report shall be April 1, 2002 other than Decision #23.

23. That the previous pension plan closed in 1994 be indexed at CPI to 8% during the deferral period and remain at CPI - 2% when benefits are being received. This change to be effective July 1, 1994.